

## **Further Processed Commodities**

### **Rebates**

Optional use of entitlement dollars

Distributor sells products to SFA at the commercial price plus any distribution fees. SFA applies for refund/rebate from the processor for the value of commodities contained in the end product.

### **Net off invoice**

Optional use of entitlement dollars

Distributor sells products to SFA at the net price (price after commodity discount is subtracted) plus any distribution fees. Schools receive discount at time of purchase.

### **What are the benefits?**

1. Get products made with commodity ingredients through commercial distribution channels
2. Allow schools more flexibility in what commodity related products they get and when they get them
3. Allows use of the same product all year long because the commodity and commercial items are the same and both are delivered by your regular distributor
  - a) The only difference is the price you pay once you have used up allocation
  - b) You must order items on the approved list to get the commodity discount
    - i. Only eligible items on approved list will be discounted
    - ii. Allocated pounds will be deducted from your account when you receive them
4. Commodity discounts can start at the beginning of the school year
5. Schools can get processed items on a *Just in Time* basis to meet menu needs
6. Commodity deliveries from warehouse would be smaller so less overloading of storage areas

### **How does it work?**

1. State Agency (SA) approves processors and provides list to SFAs
2. In January each year, SFAs request allocation amount for each approved processor
3. Final allocation is determined by SA based on number of full truckloads that can be diverted to each processor based on demand and budget
4. SFAs are notified of their allocation amount for each processor
5. During summer, processors load your "bank account" for the distributor you select with the commodity pounds you are allocated for each processor
6. As deliveries are made, the distributor sends weekly electronic files to the processors and your "bank accounts" are reduced
7. SFAs must monitor their usage online to make sure they are using up allocation by the end of the school year
  - a) <http://www.k12foodservice.com>
  - b) <https://www.processorlink.com/>

8. Unused pounds will be transferred to the state account at the end of the school year and be reallocated for the next school year

**Current list of processors for SY 2009-2010**

**NOI**

1. Advance Beef
2. Pierre Beef and Pork
3. Jennie-O Turkey
4. Schreiber Cheese
5. Land O Lakes Cheese
6. Tyson Chicken
7. Lamb Weston Potatoes
8. Simplot Potatoes
9. McCain Potatoes

**Rebates**

1. Schwan's Food Service - Cheese
2. Con Agra Foods - Gilardi Cheese

Additional information on commodity processing can be found at:  
<http://www.fns.usda.gov/fdd/processing/pfs-processing.pdf>

If you are interested in participating in NOI in the future, send an e-mail to:  
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